

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 048799

44

ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 FEA-01 OES-03 ERDA-05

/066 R

DRAFTED BY: XMB:RJALBRIGHT

APPROVED BY: EB/IFD/ODF:RASWART

XMB:DOBEIM

EUR/EE:RCHRISTENSEN

----- 057763

R 280311Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

LIMITED OFFICIAL USE STATE 048799

E.O. 11652: N/A

TAGS: EGEN

SUBJ: KOSOVO THERMAL POWER PROJECT--YUGOSLAV DISCUSSIONS IN
THE U.S.

1. YUGOSLAV DELEGATION VISITED EXIMBANK, WESTINGHOUSE, CITIBANK
AND MANUFACTURERS HANOVER BANK DURING WEEK OF FEBRUARY 17 TO
DISCUSS KOSOVO THERMAL POWER PROJECT. DELEGATION WAS LED BY
VICE PRESIDENT OF THE KOSOVO EXECUTIVE COUNCIL I. ILIJAZI AND
SENIOR MEMBERS INCLUDED V. BERISA, GENERAL MANAGER KOMBINAT KOSOVO
AND PETER ILIC, GENERAL MANAGER OF YUGOBANKA PLUS REPRESENTATIVES
OF PROGRES AND PROGRES-INVEST.

2. MEETINGS AT EXIMBANK FEBRUARY 17-18, INCLUDED MEETING WITH
EXECUTIVE VICE PRESIDENT BEIM, AND FOCUSED ON STATUS OF INTERNAL
AND FOREIGN FINANCING AND CLARIFICATION OF CERTAIN PROJECT COSTS.
YUGOSLAVS ASKED EXIM TO MEET COMPETITIVE FRENCH FINANCING FOR TWO
300MW UNITS WITH CONTRACTUAL ELEMENTS BASICALLY SIMILAR TO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 048799

WESTINGHOUSE/BABCOCK WILCOX BID. ALLEGED FRENCH OFFER INCLUDED

8.25 TOTAL LOAN CHARGE, INCLUDING 7.5 PERCENT INTEREST RATE PLUS FEES FOR 85 PERCENT OF CONTRACT VALUE, WITH REPAYMENT IN 10 YEARS AFTER START-UP, PLUS CAPITALIZATION OF INTEREST DURING CONSTRUCTION AND LOCAL COST FINANCING. SUBSEQUENT INVESTIGATION INDICATES 8.25 PERCENT DID NOT INCLUDE ALL FEES (ACTUAL COST APPEARS TO BE 8.5 PERCENT) AND THAT OFFICIAL SUPPORT FOR CAPITALIZED INTEREST AND LOCAL COST MAY NOT BE FIRM. ALSO KEY REQUISITE TO PROJECT PROCEEDING IS 80 MILLION DOLLARS OF FOREIGN FINANCIAL CREDITS IN ADDITION TO OFFICIALLY SUPPORTED EXPORT FINANCING, AND SUCH FINANCIAL CREDITS WOULD HAVE TO BE RAISED FROM COMMERCIAL SOURCES WITHOUT OFFICIAL SUPPORT.

3. EXIM AGREED TO REVIEW ITS POSITION AND REPLY IN ABOUT TWO WEEKS, BUT INDICATED DIFFICULTY IN CONSIDERING ALL OF THE MAJOR YUGOSLAV REQUESTS. IT ALSO AGREED TO SUPPORT YUGOSLAV APPROACH TO COMMERCIAL BANKS. CONTACTS WITH CITIBANK AND MANUFACTURERS HANOVER AFTER YUGOSLAV MEETINGS REVEALS BANKS SEE MAJOR DIFFICULTY IN RAISING EVEN 50 MILLION DOLLARS IN FINANCIAL CREDITS WITHOUT OFFICIAL SUPPORT IN THE U.S. OR EUROPE AND EXPECT FRENCH BANKS HAVE THE SAME PROBLEM.

4. WE UNDERSTAND NEGOTIATIONS WITH WESTINGHOUSE AND B&W PROCEEDED SMOOTHLY WITH SUPPLIERS AGREEING TO REVALIDATE THEIR BIDS AND TO MEET IN FINAL NEGOTIATING ROUND IN YUGOSLAVIA IN LATE MARCH AFTER YUGOSLAVS RECEIVE RESULTS OF EXIM RECONSIDERATION AND FURTHER REACTIONS FROM COMMERCIAL BANKS. YUGOSLAVS STATED THEY PLAN TO MAKE FINAL DECISION ON CONTRACT AWARD IN APRIL. INGERSOLL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, PROGRAMS (PROJECTS), THERMAL POWER PLANTS, MEETING DELEGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE048799
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:RJALBRIGHT
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760076-0633
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976021/aaaaaatc.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAY 2004 by ifshinsr>; APPROVED <07 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KOSOVO THERMAL POWER PROJECT--YUGOSLAV DISCUSSIONS IN THE U.S.
TAGS: EGEN, ENRG, EFIN, YO, US
To: BELGRADE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006